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Approved For Release 2002/05/08 : CIA-RDP57-00384R000700070002-8

H 92W
Contracts
511 D1**Office Memorandum • UNITED STATES GOVERNMENT**

TO : MEMORANDUM FOR THE RECORD

DATE: 2 April 1953

FROM :

25X1A

SUBJECT:

OGC HAS REVIEWED.

1. This construction project was begun pursuant to a letter of intent dated 25 June 1951. Article IV Sec. 1 v. of the contract provides that the letter of intent is merged and superseded by the contract.

2. Many changes and alterations have been made in the scope of the work as construction has proceeded. However, change orders or amendments to the letter of intent were not issued, and the effect of the various alterations on the estimated cost and fixed-fee was not calculated or reduced to writing. The work was almost complete and the actual cost thereof pretty well known by the time the subject contract was executed. This is an undesirable situation since it is contrary to the theory of the cost-plus-fixed-fee contract and approaches the cost-plus-percentage-of-cost system. However, at this time there appears to be no other alternative but to approve the contract. I was informed by the Real Estate and Construction Branch that the fixed-fee allowed the Contractor had been negotiated down to an acceptable figure.

3. A few changes have been made in the scope of the work since 20 November 1952, which is the date of the contract. These will be incorporated in change orders or amendments. The Real Estate and Construction Branch was advised to check carefully to see that the scope of the work is accurately and adequately described in Appendix "A" of the contract. I also called to their attention that the letter of intent is dated in fiscal year 1951. Those funds will lapse on 30 June 1953 and any payments after that date will have to be specially processed. Consequently, it is desirable to complete performance of the contract as soon as possible.

4. This contract was signed by both parties prior to submission to our office for final approval. However, we had assisted in the draft. I will approve the contract as to legal form. A former draft was approved by our office on 3 July 1952. However, there have been many changes since then which are covered in the present contract.

25X1A

Assistant General Counsel

OGC/RGH:cd;imm (27 March 1953)

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